

**Health Policy Commission Public Hearing**  
**Modification of the 2018 Health Care Cost Growth Benchmark**

Wednesday, March 8, 2017, 1:00pm

50 Milk Street, 8<sup>th</sup> Floor

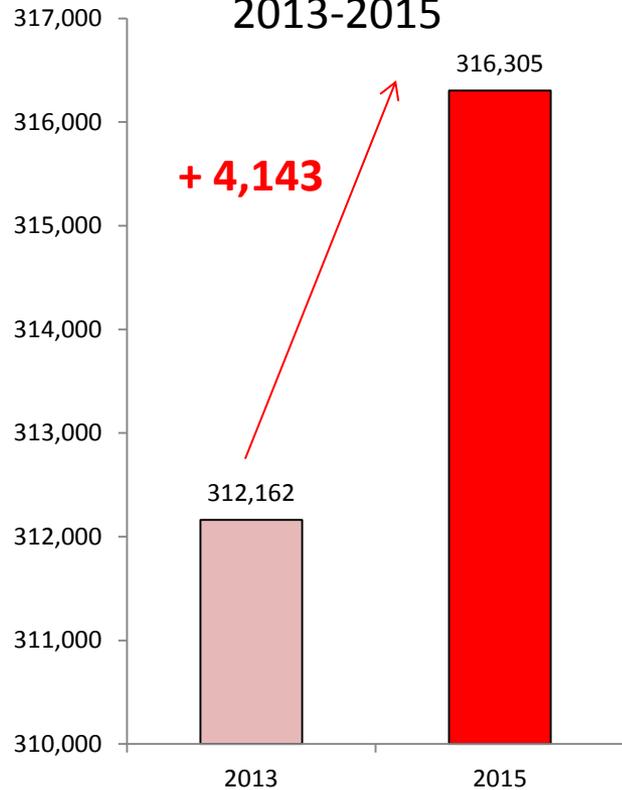
Boston, MA 02109

**Testimony**

**Steward Health Care System**

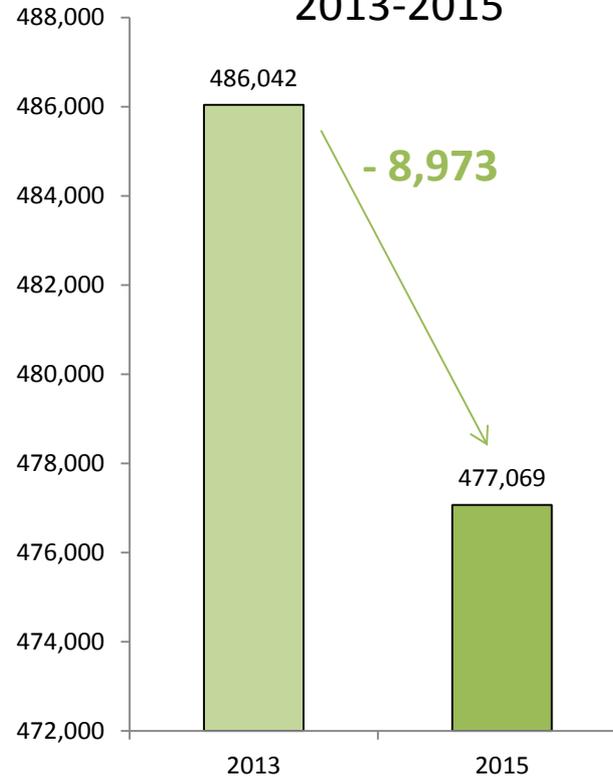
# From 2013-2015, The Highest Priced Hospitals Experienced Significant Growth in Inpatient Discharges While Low Priced Hospitals Lost Volume, Yet Remained Efficient

## Highest Price Hospitals 2013-2015



**17 Hospitals with Avg.  
Price of 1.4**

## Low Price Hospitals 2013-2015

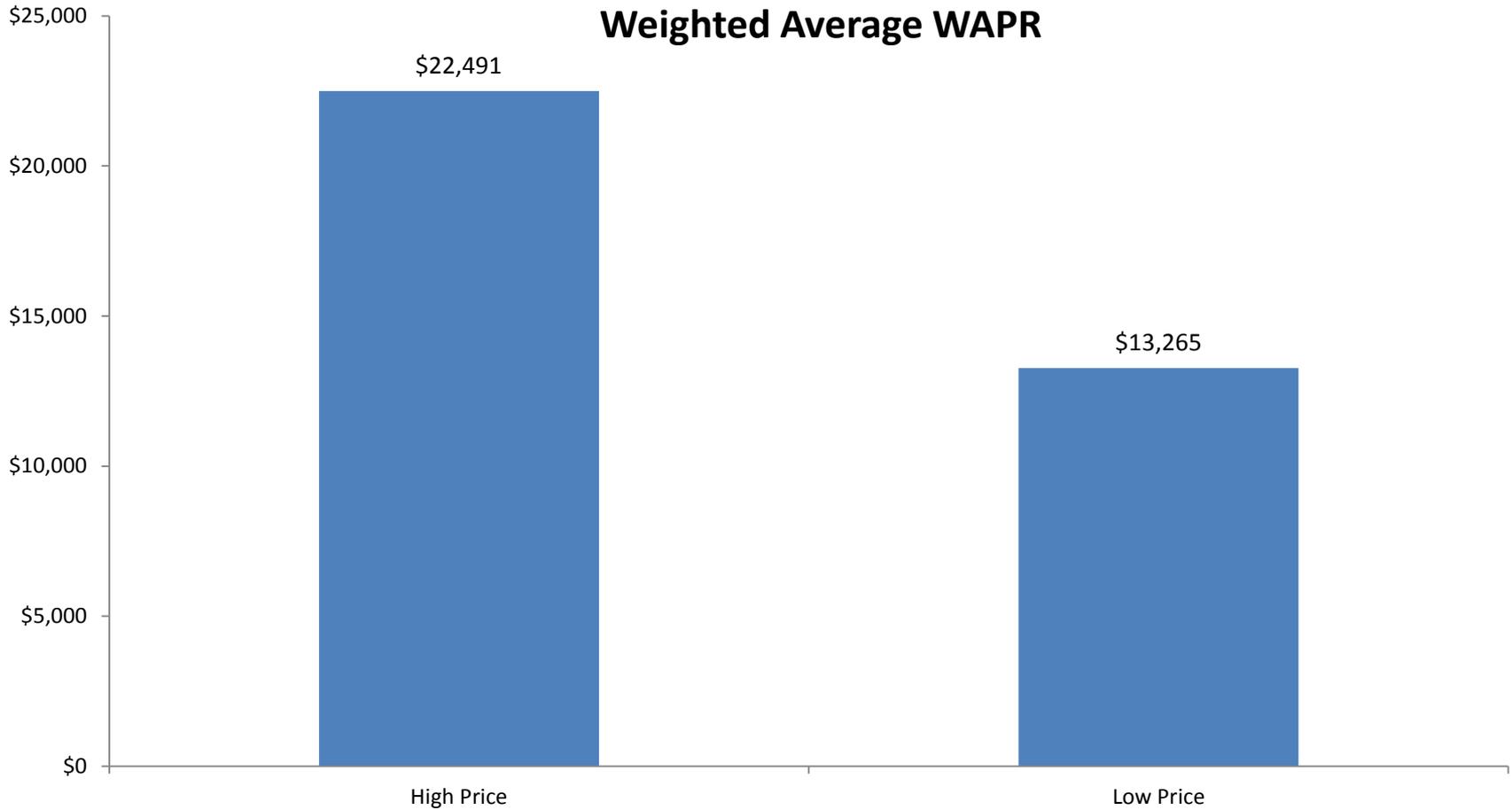


**46 Hospitals with  
Avg. Price of 1.0**

Source: CHIA Inpatient Case Mix Data 2013-2015, CHIA Relative Price 2014

Note: Highest Priced hospitals are defined as those with the 75% highest Relative Prices in 2014

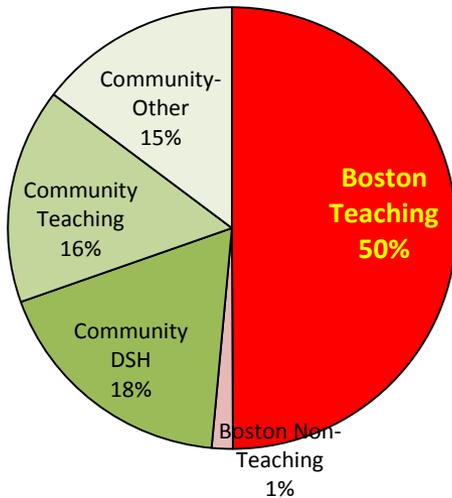
# On Average, Every Discharge That Takes Place at a High Price Provider Costs the System Over \$9,000 More Than If It Took Place At A Low Price, High Quality Provider



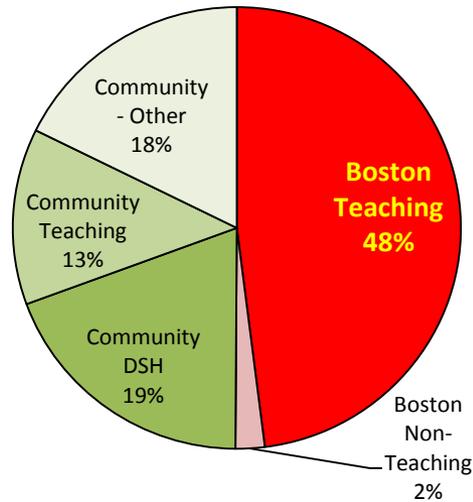
# Boston Hospitals Account for Nearly Half of All Hospital Commercial Reimbursements

Share of Commercial Payments by Payer  
2014

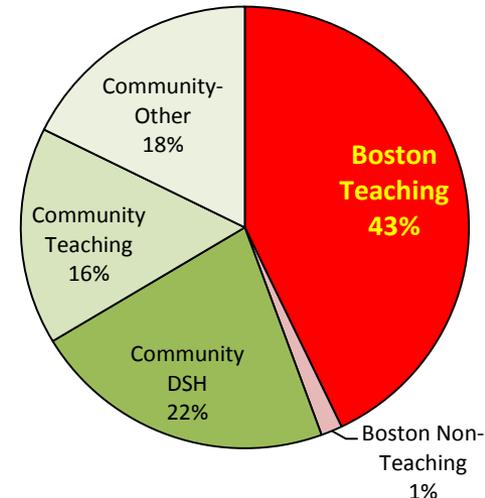
Blue Cross Blue Shield (BCBS)



Harvard Pilgrim



Tufts Health Plan



% of Patients

40%

41%

36%

Despite Receiving ~50% of Payments, Boston Teaching hospitals account for only 39% of Commercial patients.

Note: Aggregate relative price shown, inclusive of all commercial payers.

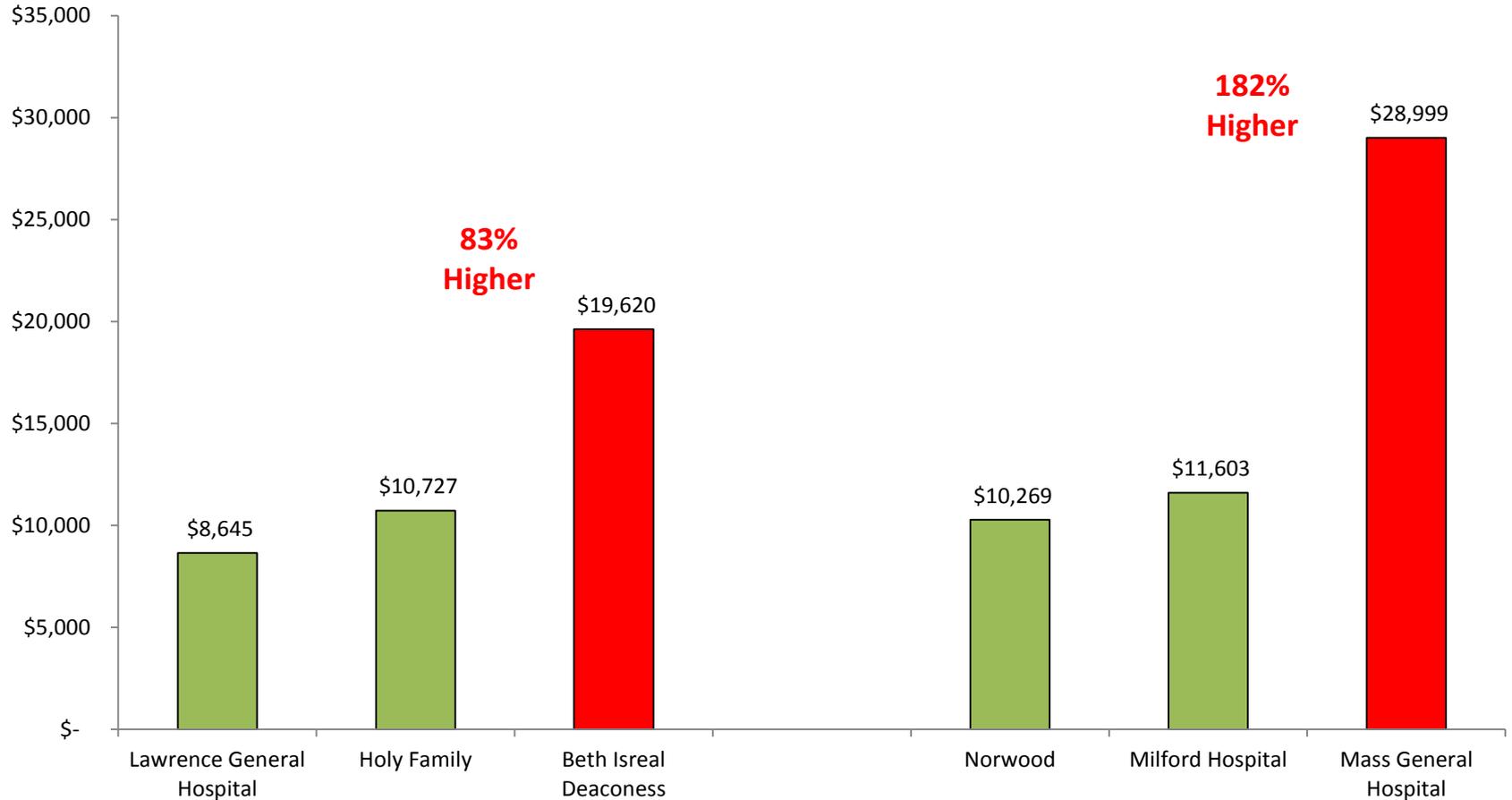
Source: *Provider Price Variation in the Massachusetts Health Care Market (2014 data)*, CHIA, February 2016

Boston Teaching
Beth Israel Deaconess Medical Center
Brigham and Women's Hospital
Massachusetts General Hospital
Tufts Medical Center
Boston Medical Center
Boston Children's Hospital
Dana-Farber Cancer Institute
Massachusetts Eye and Ear Infirmary
Brigham and Women's Faulkner Hospital
Boston Non-Teaching
New England Baptist Hospital
Community DSH
Athol Memorial Hospital
Baystate Franklin Medical Center
Cape Cod Hospital
Clinton Hospital
Fairview Hospital
Falmouth Hospital
Harrington Memorial Hospital
HealthAlliance Hospital
Heywood Hospital
Holyoke Medical Center
Jordan Hospital
Lawrence General Hospital
Lowell General Hospital
Marlborough Hospital
Martha's Vineyard Hospital
Mercy Medical Center
Noble Hospital
North Adams Regional Hospital
North Shore Medical Center
Signature Healthcare Brockton Hospital
Southcoast Hospitals Group
Steward Carney Hospital, Inc.
Steward Good Samaritan Medical Center
Steward Holy Family Hospital, Inc.
Steward Merrimack Valley Hospital
Steward Morton Hospital
Steward Nashoba Valley Medical Center
Steward Norwood Hospital, Inc.
Steward Quincy Medical Center
Steward Saint Anne's Hospital, Inc.
Steward St. Elizabeth's Medical Center
Sturdy Memorial Hospital
Wing Memorial Hospital
Community-Other
Anna Jaques Hospital
Baystate Mary Lane Hospital
Beth Israel Deaconess Hospital - Needham
Beth Israel Deaconess Hospital - Milton
Cooley Dickinson Hospital
Emerson Hospital
Hallmark Health
MetroWest Medical Center
Milford Regional Medical Center
Newton-Wellesley Hospital
Northeast Hospital
South Shore Hospital
Winchester Hospital
Nantucket Cottage Hospital
Community Teaching
Lahey Clinic
Mount Auburn Hospital
Baystate Medical Center
Berkshire Medical Center
Cambridge Health Alliance
Saint Vincent Hospital
UMass Memorial Medical Center

# Boston Hospitals Have an All-Payer WAPR that is Significantly Higher Than Community Based Providers (*Community Providers Offer Good Value*)

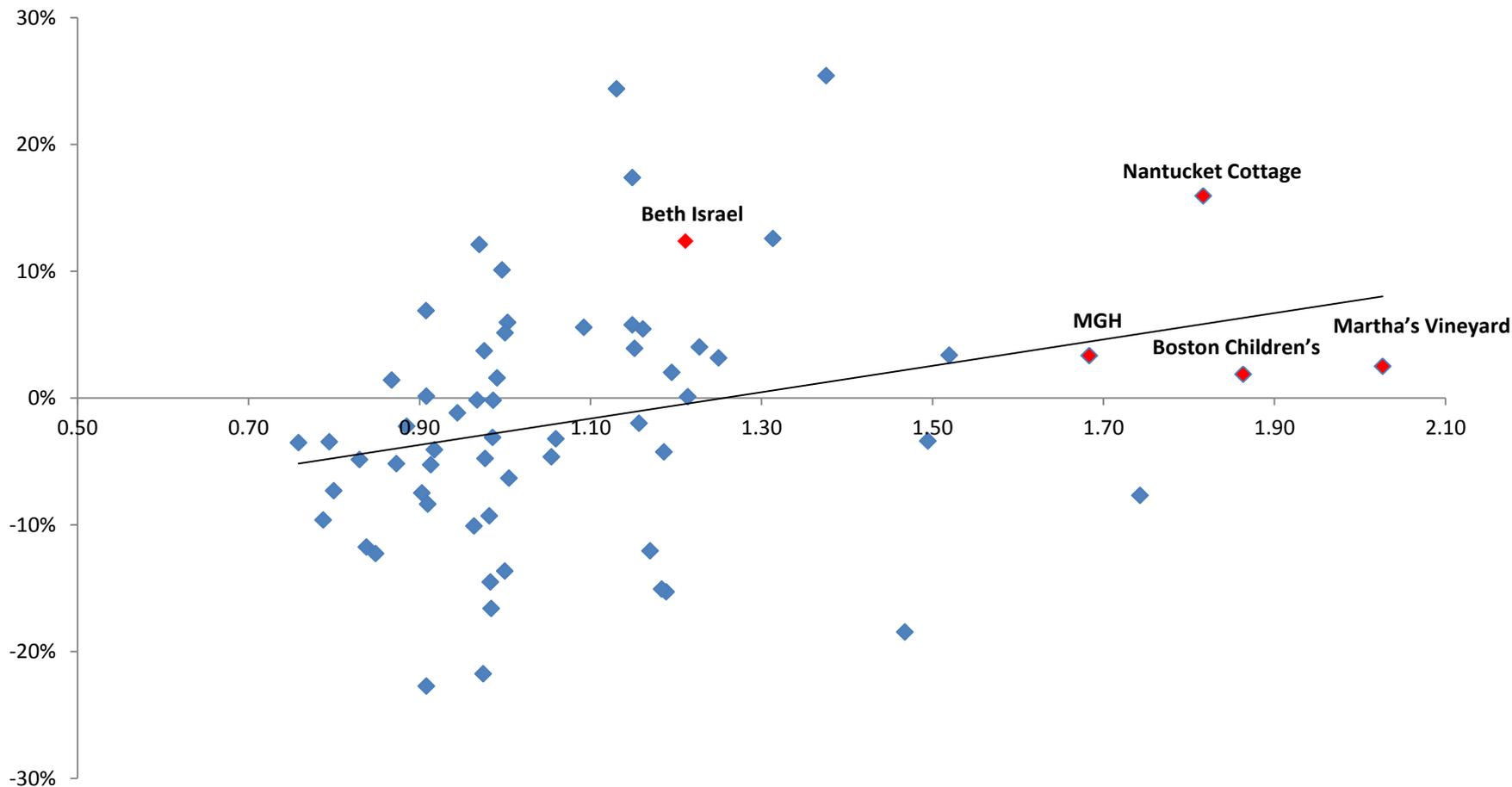
## Weighted Average Payer Rate (WAPR)

Community Hospitals vs. Academic Medical Centers



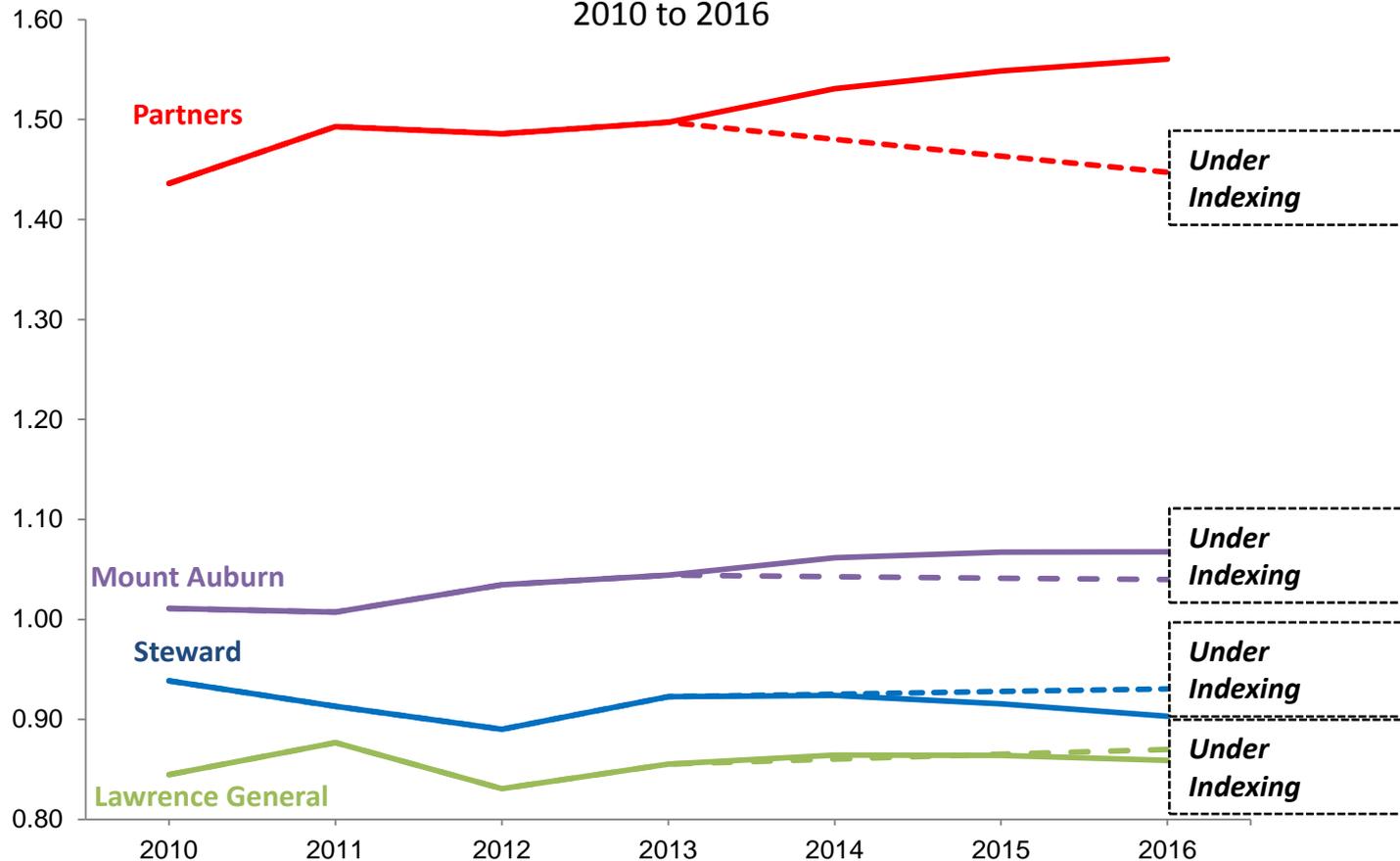
# Hospitals With High Prices Have Higher Growth in Inpatient Discharges, Which Drives Total Health Care Expenditure in Mass

## Percent Growth in Inpatient Discharges by Relative Price 2013-2015



# Without Indexing, Cost Containment Efforts will Falter

Commercial Prices for Massachusetts Acute Care Systems  
2010 to 2016



Setting the Benchmark at an Absolute level, advantages High Price Providers whose prices, volume and revenue are rising at a higher rate and who have a disproportionate impact on cost growth

Note: Aggregate relative price shown, inclusive of all commercial payers.

Source: *Provider Price Variation in the Massachusetts Health Care Market (2013 data)*, CHIA, February 2015; CHIA Price Variation data 2010 to 2012.